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UNCLAS ASUNCION 001121

SIPDIS

STATE FOR WHA/BSC AND EB/IFD/OIA
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR LYANG
NSC FOR SUE CRONIN
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD DAN JOHNSON

E.O. 12958: N/A

TAGS: [PGOV](#) [PHUM](#) [PREL](#) [KCRM](#) [ETRD](#) [PA](#)

SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, AUGUST 28
- SEPTEMBER 3

1. (U) Summary
- Smells Like Drugs
 - Thousands Receive Medical Care
 - Paraguay Interested in FTA - Someday

Smells Like Drugs

2. (U) On August 26, the National Anti-Drug Secretariat (SENAD) Canine Unit detected and seized 7.3 kilograms (kg) of cocaine and detained Pedro Adrian Venero Murillio, a Mexican national. The cocaine, with an estimated value of USD 51,018, was woven into the clothing and found in three (3) suitcases. SENAD believes the drugs were bound for the United States via Mexico. According to news reports, on August 28, Colombian national, Julio Cesar Ramirez Gutierrez, was also detained in connection with Venero Murillio.

Thousands Receive Medical Care

3. (U) On August 29, medical professionals from the New York Air National Guard began the third Medical Readiness Exercise Training (MEDRETE) this year in Paraguay. The team of 32 includes doctors, nurses and medical technicians with various skills. They are in the Department of Caazapa, located approximately 146 miles east of Asuncion, and are rotating among 6 locations providing pediatric, OB-GYN, dental, optical and pharmaceutical services. The team has seen approximately 800 to 900 patients per day and is scheduled to complete its work on September 7.

Paraguay Interested in FTA - Someday

4. (U) President Nicanor Duarte Frutos arrived in Santiago, on August 29, for an official visit with Chilean President Ricardo Lagos. Both signed an agreement that will increase the export quota for Paraguayan meat to Chile from 7,000 metric tons to 14,000 metric tons. They also signed a joint declaration on mutual cooperation, the defense of democracy, and the promotion of human rights. On August 30, after praising the "Chilean model," President Duarte was asked if Paraguay intended to seek a Free Trade Agreement (FTA) with the United States as Chile had. President Duarte hedged a bit, noting that Paraguay needs to continue with its process of changing its economic model, and that customs revenues provide the majority of government revenues. He added that Paraguay needs investment and additional markets for its exports, and that it has a lot of work ahead before the country is ready to assume "attitudes and commitments" like those of Chile. However, he stated that one goal of his government's efforts is to prepare Paraguay to accept greater commitments in international markets. While Paraguay presently views the world from its perspective as a member of Mercosur, he was committed to adopting a foreign policy tailored to Paraguay's interests. On August 31, Duarte Frutos dedicated a duty-free port for Paraguay in Antofagasta, Chile. Duarte told the press his country is contributing to the fight against narco-trafficking, money-laundering, and piracy in the Tri-border region.
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